

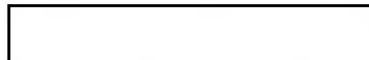
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Alternative Estimates of Export Demand
for US Wheat, 1973/74

(Revision No. 2)

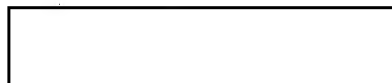
Central Intelligence Agency
Office of Economic Research
11 January 1974

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On file Department of Agriculture
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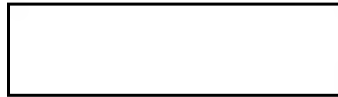
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11 January 1974

Alternative Estimates of Export Demand
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Highlights

1. A comparison of the changes in USDA and CIA estimated export demand for US wheat in FY74 since last September's findings are as follows (in million metric tons):

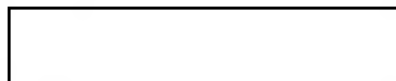
	<u>USDA</u>	<u>CIA</u>
1 September 73*	29.9	36.3
3 December 73	31.3	34.9
7 January 74	32.0	34.1

Although the data show that the gap between USDA and CIA projections has been narrowed to 2 million tons, CIA's projections are still larger for every major region of the world, especially those of the Americas and Asia.

2. Total US shipments of wheat plus outstanding export sales reported by brokers as of 16 December have increased to nearly 31.5 million tons. This quantity represents about 98% of USDA's December projection of



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exports for FY74. US brokers listed another 4.6 million tons of wheat for export without destinations. US shipments of wheat in the July-November period ran at an unprecedented annual rate of nearly 40 million tons.

3. The total US supply of wheat has declined slightly since November. Final production data for 1973 released in December by USDA lowered wheat output by 26 million bushels to 1,711 million bushels. Simultaneously the projections for US wheat exports in FY74 was raised by 25 million bushels to 1,175 million bushels (32 million tons). The combination of these two actions lowered the estimated 30 June 1974 stocks to a 25 year low of 212 million bushels (5.8 million metric tons). Exports in excess of 32 million tons will reduce carryover stocks further. Prompt marketing of the winter wheat crop by Southeast farmers in late May-early June could be critical to US domestic supplies.

4. Demand for US wheat exports continue bullish with prices strengthening in recent days. Some of the reasons for this development include:

- The premium prices asked by Canada for a smaller exportable surplus;
- indications that the Australian wheat harvest was damaged by rust disease;

- 2 -

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- the EC so far has only issued export licenses for about one half of the estimated 6 million tons of wheat available for export;
- possible forward buying by countries to hedge against strengthening of the dollar in international money markets; and
- the limited quantity of uncommitted exportable wheat for delivery in FY74 in the hands of other exporters (Canada, Australia, and Argentina).

5. There are still no firm indications that the Soviets, in spite of a bumper wheat harvest, will export large amounts to countries other than their traditional client states and the 2 million tons promised to India. However, an Eksportkhleb representative recently implied that the Soviets had not closed the door on future exports. Although the Soviets have not yet requested US brokers to delay shipping any of the FY74 contracted deliveries of wheat until after 1 July, it remains a possibility. Such a development would help alleviate the export pressure on tight US wheat supplies.

- 3 -

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7 Jan 74

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Table 1

Estimated Demand for U.S. Wheat and Flour Exports, 1973/74 a/(in thousand metric tons)

<u>Destination</u>	<u>CIA</u>	<u>USDA b/</u>	<u>Commitments by 2 Dec 73 c/</u>
<u>Americas:</u>			
Mexico	920		
Brazil	1,300		
Chile	420		
Peru	600		
Venezuela	600		
Columbia	400		
Central America	375		
Others d/	950		
Sub-total	5,565	4,600	4,509
<u>Europe:</u>			
Eastern Europe	800	600	769
USSR	3,770	3,800	3,766
Belgium-Lux	270		
France	200		
Italy	800		
West Germany	490		
Netherlands	1,100		
Norway			
Portugal, Azores, Madeira	135		
Spain, Canaries	50		
Switzerland	50		
U.K.	850		
Others d/	260		
Sub-total	8,860	8,600	8,086
<u>Asia:</u>			
Bangladesh	700		
India	1,425	(1,500)	(1,422)
Iran	900		
Israel	420		
Japan	3,390	(3,300)	(3,233)
Korea, South	1,800		
Lebanon	200		

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Pakistan	300		
Philippines	480		
Taiwan	660	(600)	(724)
People's Republic of China	4,100	(4,000)	(3,808)
Afghanistan	25		
Hong Kong	70		
Indonesia	600		
Iraq	500		
Jordan	60		
Malaysia	15		
Singapore	30		
South Vietnam	300		
Saudi Arabia	25		
Others d/	250		
Sub-total	16,250	14,600	14,367

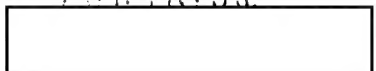
Africa:

Algeria	1,500		
Morocco	500		
Nigeria	400		
Tunisia	270		
Egypt	400		
Ethiopia			
Ghana			
Others d/			
Sub-total	3,450	3,100	3,352
Total wheat	34,125	30,900	30,314
Flour and products	e/	1,100	f/
Total wheat equivalent	34,125	32,000	30,314
Unspecified destination	--	--	--
Total wheat (including unspecified destination)	--	--	34,981

- Marketing year 1 July 1973 thru 30 June 1974.
- Statistical data shown were supplied by FAS/USDA on 7 January 1974.
- Includes wheat shipments inspected for export 1 July to 30 November 1973 taken from USDA, SRS, Grain Market News, 14 December 1973; plus undelivered export sales as of 2 December 1973 for the balance of FY74 based on USDA/SRS data.

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d. Other Americas

Argentina
Bolivia
Canada
Ecuador
Guyana
Haiti
Jamaica
Neth. Antilles
Sierra Leone
Surinam
Trinidad & Tobago

Other Europe

Austria
Cyprus

Greece
Malta

Other Asia

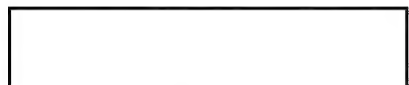
Aden
Cambodia
Syria
Thailand
Turkey
Yemen
Sri Lanka

Other Africa

Dahomey
Kenya
Liberia
Libya
Maderia Is.
Sudan
Zaire

- e. Flour included with individual country's wheat import projection.
- f. Excluded in reports by grain brokers to USDA.

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Orig. & 1 - Addressee
2 - D/OER
1 - ST/P/C
1 - SA/ER
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1 - Ch/D/U
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OER/D/U/EE:

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